NEW ORLEANS CHARTER SCHOOLS FOUNDATION

FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 and 2013



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Carr, Riggs & Ingram, LLC 3501 North Causeway Boulevard Suite 810 Metairie, Louisiana 70002

(504) 837-9116 (504) 837-0123 (fax) www.cricpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors New Orleans Charter Schools Foundation New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation") d/b/a McDonogh City Park Academy, which comprise the Statements of Financial Position as of June 30, 2014 and 2013, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That

report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Carr. Riggs & Ingram. LLC

November 4, 2014

New Orleans Charter Schools Foundation Statements of Financial Position

June 30,	2014	2013
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,055,609	\$ 671,983
Restricted cash	8,320	15,403
Prepaid expenses	102,578	124,817
Accounts receivable, net	3,276	190,793
Total Current Assets	1,169,783	1,002,996
Non-Current Assets:		
Property and equipment, net	143,577	133,630
	\$ 1,313,360	\$ 1,136,626
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 127,566	\$ 142,525
Accrued expenses	149,448	155,726
Total Current Liabilities	277,014	298,251
	277,014	298,251
Net Assets:		
Unrestricted	1,028,026	822,972
Temporarily restricted	8,320	15,403
Total Net Assets	1,036,346	838,375
	\$ 1,313,360	\$ 1,136,626

New Orleans Charter Schools Foundation Statements of Activities

For the year ended June 30,	2014							2013	
			Ten	nporarily			Un	Unrestricted	
	U	nrestricted	Restricted			Total		Total	
Public Support and Other									
Revenues									
Local sources	\$	2,617,229	\$	-	\$	2,617,229	\$	1,893,783	
State sources		1,694,222		-		1,694,222		1,569,412	
Federal sources		692,067		A CONTRACTOR OF THE PARTY OF TH		692,067		1,086,940	
In-kind donation		80,300				80,300		80,300	
Donations and contributions		25,611		1000		25,611		18,141	
Miscellaneous income		26,804				26,804		24,651	
<u></u>									
		5,136,233				5,136,233		4,673,227	
Net Assets Released from									
Restrictions									
Restrictions satisfied by									
payments		7,083		(7,083)					
Total Public Support and									
Other Revenues		5,143,316		(7,083)		5,136,233		4,673,227	
Expenses									
Program services:									
Instructional		2,543,646				2,543,646		2,393,698	
Supporting services:		2,343,040		-		2,343,040		2,333,038	
Management and general		2,380,730		_		2,380,730		2,338,202	
Non-Instructional services:		2,380,730		-		2,300,730		2,336,202	
Other services		13,886		_		13,886		17,025	
Other services		13,000		17001		13,000		17,023	
Total Expenses		4,938,262		-		4,938,262		4,748,925	
Increase (Decrease) in									
Net Assets		205,054		(7,083)		197,971		(75,698)	
Net assets at beginning of year		822,972		15,403		838,375		914,073	
						Paragram a salidiri			
Net assets at end of year	\$	1,028,026	\$	8,320	\$	1,036,346	\$	838,375	

New Orleans Charter Schools Foundation Statements of Cash Flows

For the year ended June 30,		2014		2013
Cash Flows from Operating Activities:				
Increase (decrease) in net assets	\$	197,971	\$	(75,698)
Depreciation expense	Y	70,800	7	42,663
Decrease (increase) in operating assets:		. 0,000		12,000
Accounts receivable		187,517		52,763
Prepaid expenses		22,239		(92,239)
Increase (decrease) in operating liabilities:		,		(32,233)
Accounts payable		(14,959)		(9,478)
Accrued expenses		(6,278)		68,560
		(-,		
Net cash provided by (used in) operating activities		457,290		(13,429)
Cook Flour from Investing Astinities				
Cash Flows from Investing Activities:		(00.747)		(07.104)
Purchase of property and equipment		(80,747)		(87,184)
Net cash used in investing activities		(80,747)		(87,184)
The country of the co		(00),		(07)20.1
Net increase (decrease) in cash and cash equivalents		376,543		(100,613)
Cook and Cook Fourier books Decimine of Vers		607.206		707.000
Cash and Cash Equivalents, Beginning of Year		687,386		787,999
Cash and Cash Equivalents, End of Year	\$	1,063,929	\$	687,386
				
As reported in the accompanying Statements of Financial Position:				
Cash and Cash Equivalents	\$	1,055,609	\$	671,983
Restricted Cash		8,320		15,403
	\$	1,063,929	\$	687,386

New Orleans Charter Schools Foundation Statement of Functional Expenses

For the year ended June 30, 2014						NON-	
	F	PROGRAM		SUPPORT	INST	RUCTIONAL	
		SERVICES		SERVICES	S	ERVICES	
			M	anagement			
				And		Other	
	In	structional		General		Services	Total
Expenses:							
Regular education programs	\$	2,146,904	\$	-	\$	™o	\$ 2,146,904
School administration		:=:		821,556		=	821,556
Student transportation		=		466,273		-	466,273
Special education programs		346,498				H	346,498
Instructional staff services				315,981		(271)	315,981
Operation and maintenance of							
plant services		7 <u>2</u>		216,518			216,518
General administration		(197,675		i n a	197,675
Pupil support services		=		125,971		-	125,971
Business services		=		121,047		-	121,047
Office expenses		\$ 77 0		80,300		1000	80,300
Other instructional programs		50,244		 2		 .	50,244
Central services		=		35,408		-	35,408
Food services		E				13,678	13,678
Site improvement		, a z		a :		208	208
	\$	2,543,646	\$	2,380,730	\$	13,886	\$ 4,938,262

New Orleans Charter Schools Foundation Statement of Functional Expenses

or the year ended June 30, 2013						NON-	
	F	PROGRAM		SUPPORT	INS	TRUCTIONAL	
		SERVICES SERVICES		SERVICES		SERVICES	
			M	anagement			
				And		Other	
	In	structional		General		Services	Total
Expenses:							
Regular education programs	\$	2,040,166	\$	=	\$	-	\$ 2,040,166
School administration		=		768,236		E	768,236
Student transportation		同		450,627		\$ 5	450,627
Instructional staff services				366,365		<u> </u>	366,365
Special education programs		285,679		-		7 <u>~</u>	285,679
Operation and maintenance of							
plant services		(0.0)		282,344		·	282,344
Pupil support services		554		122,064		1875	122,064
Business services				120,247		-	120,247
General administration		=		113,758		=	113,758
Office expenses		=:		80,300		:=	80,300
Other instructional programs		67,853		·-		c. - .	67,853
Central services		-		34,261		15	34,261
Food services		21		*		14,349	14,349
Site improvement		=		쯛		2,676	2,676
	\$	2,393,698	\$	2,338,202	\$	17,025	\$ 4,748,925

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation") was incorporated in March 2006 for the purpose of operating charter schools in New Orleans. The Louisiana State Board of Elementary and Secondary Education (BESE) granted the Foundation two (2) Type 5 charters to operate McDonogh City Park Academy (the "Academy") and New Orleans Free Academy, pursuant to Louisiana Revised Statute 17:3971 et seq. The charters were valid until June 30, 2011. BESE is responsible for evaluating the performance of the academies and has the authority to deny renewal of the contracts at their expiration or terminate the contracts prior to their expiration. New Orleans Free Academy's charter was voluntarily surrendered to BESE on June 30, 2009. On May 14, 2014, the charter for McDonogh City Park Academy was extended five years through June 30, 2019. All assets and lease agreements associated with the New Orleans Free Academy have reverted back to the Recovery School District (RSD), except for cash and cash equivalents in the amount of \$53,389, which was transferred into the Foundation's bank account in June of 2014.

The Foundation operates under the direction of a nine-member board of directors. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Academy's instructional/support facility staffed by 29 certified full-time teaching personnel who provide services to 435 students.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the Louisiana Accounting and Uniform Governmental Handbook (LAUGH).

Income Tax Status

The Foundation is a tax exempt organization under Internal Revenue Code Section 501(c)(3) and, as such, is not subject to income tax.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue

The Foundation receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give which are estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Foundation follows the provisions of Not-For-Profit Entities Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basis financial statements and classification of resources into three separate categories of net assets, as follows:

- Unrestricted Net assets which are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted Net assets whose use by the Foundation is limited by donorimposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to such stipulations.
- Permanently Restricted Net assets whose use by the Foundation is limited by donorimposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Foundation.

Property and Equipment

Property and equipment is capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment is recorded at fair market values as of the date received. The Foundation maintains a capitalization threshold of \$5,000 for furniture and equipment, land, and leasehold improvements, or any one item costing under \$5,000 alone but purchased in a group for over \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported property and equipment except land is depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements life of lease or 5 years, whichever is greater

Furniture, fixtures, and equipment 3-7 years

<u>Due to Student Groups</u>

Amounts classified as due to student groups are funds raised by student groups for use in group activities. These amounts are not recorded in the Statements of Activities. The funds are segregated and held for the students.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through November 4, 2014, the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The Foundation's cash deposits exceeded the Federal Deposit Insurance Corporation limits at various times during the year ended June 30, 2014.

Restrictions on cash include donor imposed contributions received from the Recovery School District in the amount of \$8,320 and \$15,403 at June 30, 2014 and 2013, respectively, for student activity use. Restricted cash is released from temporarily restricted net assets by incurring expenses satisfying the restrictions imposed by donors.

NOTE 3 – ACCOUNTS RECEIVABLE

At June 30, 2013, there were accounts receivable of \$47,097, from The Leona Group, LLC (TLG) for the reimbursement of the cost of services to McDonogh City Park Academy, pursuant to a now expired Management Agreement. Due to the uncertainty of receipt of the amounts due, the Foundation created an allowance for uncollectible receivables for the full amount of \$47,097. In 2014, the funds were deemed uncollectable and the Foundation made the decision to write off receivable.

NOTE 4 - PROPERTY AND EQUIPMENT

The cost of property and equipment is summarized as follows:

		<u>2014</u>	<u>2013</u>
Leasehold improvements	\$	23,118	\$ 23,118
Furniture, fixtures, and equipment		508,393	427,646
Less accumulated depreciation	3-	(387,934)	(317,134)
Net carrying amount	\$	143,577	\$ 133,630

NOTE 4 - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was \$70,800 and \$42,663, respectively, for the years ended June 30, 2014 and 2013.

NOTE 5 – RETIREMENT PLAN

Substantially all employees of the Foundation participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost-sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age 60; otherwise, benefits vest after 20 years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute to the plan 8% of their annual covered payroll and the Foundation is required to contribute 27.2% and 24.5% of the annual covered payroll of each participating employee for the years ending June 30, 2014 and 2013, respectively. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the years ended June 30, 2014 and 2013, the Foundation's contributions to this plan totaled \$601,265 and \$509,940, respectively.

NOTE 6 – COMPENSATED ABSENCES

School-Based Employees:

All school-based employees are granted five (5) paid time off (PTO) days at the beginning of each school year. These days are to be used in case of illness or any other reason an employee needs a day off. If an employee starts after the beginning of the school year, personal leave/sick days are pro-rated. School-based employees may be paid \$100 per day for every unused day. Unused days are reported to TRSL upon termination of employment.

Funding Policy:

School Support Center (SSC) staff work throughout the year and observe school holidays. All full time Foundation SSC staff earns a minimum total of twenty (20) days PTO (a combination of fifteen (15) vacation days and five (5) sick days) per year. Unused sick days are reported to TRSL upon termination of employment. School Support Center staff may request a pay-out of up to five (5)

NOTE 6 – COMPENSATED ABSENCES (CONTINUED)

unused vacation days at the end of the fiscal year, and may also carry over up to five (5) vacation days, with a maximum allowed balance of 160 hours. Any hours that exceed 160 will be forfeited.

NOTE 7 - CONTINGENCIES

State Funding - The continuation of the Academy is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

NOTE 8 – LEASE AGREEMENT

The Foundation has entered into a rent-free lease with the RSD for the period from July 1, 2014 through June 30, 2019 for the use of the Academy's main buildings, gymnasiums, and grounds as school facilities. The amount of the rent-free leases has been valued based on a schedule included in the signed lease agreements indicating fees that would be charged to nonprofit organizations for rental of the building totaling \$80,300 for each of the years ending June 30, 2014 and 2013, which is included in office expenses.

The Foundation is responsible for the payment of utilities, janitorial, disposal services, and property taxes.

The RSD may move the Academy, at the end of the extension, to other facilities as deemed necessary, taking into consideration such factors as building capacity, design alignment with grade levels served by the academies, projected enrollment, program specific needs, and community needs.

The Foundation may terminate this agreement upon 30 days' notice to locate its school in a non-RSD facility.

The RSD may terminate this agreement with cause prior to the end of the specified term in the event the Foundation fails to remedy a material breach within a period reasonable under the circumstances, but not less than 15 days after notice from the RSD.

NOTE 9 – SIGNIFICANT CONCENTRATIONS

For the years ended June 30, 2014 and 2013, the Foundation received approximately 13% and 23%, respectively, of its total revenue from federal sources, approximately 33% and 34%, respectively, of its total revenue from State public school funds, and approximately 52% and 41%, respectively, of its total revenue from Local sources.

NOTE 10 – UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require the Foundation's management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation's management has analyzed the tax positions taken by the Foundation, and has concluded that as of June 30, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation's management believes it is no longer subject to income tax examinations for years prior to 2010.

NOTE 11 – OPERATING LEASES

The Foundation entered into operating leases for the rental of copiers and printers in September 2011. The leases are for thirty-six (36) months expiring in August 2014. Rental payments under these leases were \$32,923 and \$30,888 for the years ended June 30, 2014 and 2013, respectively.

Future minimum commitments under the operating lease agreements are as follows:

2015	\$ 5,746
Total	\$ 5,746

PERFORMANCE STATISTICAL DATA



Carr, Riggs & Ingram, LLC 3501 North Causeway Boulevard Suite 810 Metairie, Louisiana 70002

(504) 837-9116 (504) 837-0123 (fax) www.cricpa.com

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors New Orleans Charter Schools Foundation New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation") d/b/a McDonogh City Park Academy and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the Foundation and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. The Foundation is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule K-1)

- 1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

<u>Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers</u> (Schedule K-2)

- 2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2013.
- 3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total of principals and assistant principals per this schedule.
- 4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2013 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule K-3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2013 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule.

Public School Staff Data (Schedule K-5)

- 7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.
- 8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2013 roll books for those classes and determined that the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule K-7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School System.

Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule K-9)

11. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by the School System.

We noted the following exceptions as a result of applying the above procedures:

Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)

Finding:

We noted two (2) instances where the employee education level was incorrect. The teachers were listed as having Bachelor's degrees per the October 1, 2013 PEP report, but their personnel files indicated they had a Master's degree as of October 1, 2013.

Corrective Action Plan:

This task was managed by a new employee this year. Although this employee received training, there was some miscommunication which is why there is such a high number of employees that were reported erroneously. The same employee has received additional training and we are confident the number of incidences of incorrectly reported data will be greatly diminished.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

Finding:

We noted five (5) instances where the employees' years of experience were incorrect.

Corrective Action Plan:

This task was managed by a new employee this year. Although this employee received training, there was some miscommunication which is why there is such a high number of employees that were reported erroneously. The same employee has received additional training and we are confident the number of incidences of incorrectly reported data will be greatly diminished.

Public School Staff Data (Schedule K-5)

Finding:

We noted twenty-one (21) instances where the teachers' reported salary was incorrect per the June 30, 2014 PEP report. The salaries reported on the June 30, 2014 PEP report were the original contract salary, however all of these teachers were given raises or other extra compensation during the year and the actual salary paid was more than reported.

Corrective Action Plan:

This task was managed by a new employee this year. Although this employee received training, there was some miscommunication which is why there is such a high number of employees that were reported erroneously. The same employee has received additional training and we are confident the number of incidences of incorrectly reported data will be greatly diminished.

Public School Staff Data (Schedule K-5)

Finding:

We noted eight (8) instance where the teacher's reported annual minutes worked was incorrect per the June 30, 2014 PEP report. The annual minutes reported on the June 30, 2014 PEP report was the contract amount, however this teacher did not work a full year and the actual minutes worked were less than reported.

Corrective Action Plan:

This task was managed by a new employee this year. Although this employee received training, there was some miscommunication which is why there is such a high number of employees that were reported erroneously. The same employee has received additional training and we are confident the number of incidences of incorrectly reported data will be greatly diminished.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Foundation, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr. Riggs & Ingram. LLC

November 4, 2014

General Fund Instructional and Support Expenditures Certain Local Revenue Sources For the Year Ended June 30, 2014

General Fund Instructional and Equipment Expenditures General fund instructional expenditures:			
Teacher and student interaction activities: Classroom teacher salaries Other instructional staff activities Employee benefits Purchased professional and technical services Instructional materials and supplies Less instructional equipment	\$ 1,216,456 66,715 461,301 121,702 84,485 (62,158)		
Total teacher and student interaction activities		\$	1,888,501
Other instructional activities			50
Pupil support activities Less equipment for pupil support activities Net pupil support activities	\$ 		-
Instructional Staff Services Less equipment for instructional staff services	\$ 179,156 -	200	
Net instructional staff services		\$	179,156
School Administration Less: Equipment for School Administration	\$ 800,336 (7,123)		
Net school administration	4	\$	793,213
Total general fund instructional expenditures	- -	\$	2,860,920
Total general fund equipment expenditures		\$	69,281

Certain Local Revenue Sources:

This section is not applicable to New Orleans Charter Schools Foundation.

Education Level of Public Principals, Assistant Principals, and Full-Time Classroom Teachers As of October 1, 2013

	Full-t	ime Class	room Tea	chers	Princip	als and As	ssistant Principals		
	Certif	icated	Uncert	ificated	Certif	icated	Uncert	ificated	
Category	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Less than a Bachelor's Degree		:=	((=	•		-		:=	
Bachelor's Degree	14	52%	1	50%	=		H	=	
Master's Degree	13	48%	1	50%	-	-	-	-	
Master's Degree +30	=	=	9 4	¥a.	2	100%	=	=	
Specialist in Education	1	t u	3 4	н.	-	æ	H	1144	
Ph. D. or Ed. D.	=		18 2	=0		226	=		
Total	27	100%	2	100%	2	100%	-2	1=	

Number and Type of Public Schools As of October 1, 2013

	2013
Туре	Number
Elementary	1
Middle/Jr. High	- ∞
Secondary	*
Combination	==
Total	1

Note: Schools opened or closed during the fiscal year are included in this schedule.

Schedule K-4

Experience Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers As of October 1, 2013

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14	15-19	20-24	25+ Yrs.	Total
			,	Yrs.	Yrs.	Yrs.		
Assistant Principals	15	=	=	9	-	=	1	1
Classroom Teachers	1	5	11	3	5	1	3	29
Principals	i=	-	-	=	8 -1	1	-	1
Total	1	5	11	3	5	2	4	31

Public School Staff Data 2013-2014 School Year

	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$54,124	\$51,753
Average Classroom Teacher's Salary Excluding Extra Compensation	\$49,776	\$46,954
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	35.9	33.9

Note: Figures reported include all sources of funding (i.e. federal, state and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

Class Size Characteristics As of October 1, 2013

	Class Size Range											
	1 - 20		21	- 26	27	- 33	34+					
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number				
Elementary	8%	11	59%	82	16%	22	=	-				
Elementary Activity Classes	2%	3	13%	18	2%	3	6 - 1	-				
Middle/Jr. High	<u>\$3</u>	=	19	8	9	83	E	8				
Middle/Jr. High Activity Classes	20	r <u>e</u> r	022	=	5 <u>=</u>		V-C1	_				
High	2 0		82	=	~	-	S <u>=</u>	-				
High Activity Classes	-:	-	∀=	-	(=	=:	(-)	-				
Combination	-0	-	·-	-	:-	->	8=	-				
Combination Activity Classes	#3	=	8 =	-	œ.	æ	1 = 1	-				

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

Louisiana Educational Assessment Program (LEAP) for the 21st Century For the Years Ended June 30, 2014, 2013, 2012

12%

100%

6 50

Unsatisfactory

Total

District Achievement Level		E	English Lan	guage Art	:S				Mathe	ematics		
Results	20	14	20	13	20	12	20	14	20	13	20	012
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	2	4%	4	9%	1	2%	2	4%	4	9%	2	5%
Mastery	16	32%	18	40%	9	21%	14	28%	26	58%	4	10%
Basic	15	30%	13	29%	18	43%	14	28%	6	13%	17	40%
Approaching Basic	9	18%	6	13%	10	24%	6	12%	3	7%	11	26%
Unsatisfactory	8	16%	4	9%	4	10%	14	28%	6	13%	8	19%
Total	50	100%	45	100%	42	100%	50	100%	45	100%	42	100%
	3:		ē.	92		5			=		3	
District Achievement Level			Scie	nce					Social :	Studies		
Results	20	14	20	13	20	12	20	14	20	13	20	012
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	1	2%	1	2%	1	2%	-	0%	н	0%	-	0%
Mastery	6	12%	7	16%	2	5%	4	8%	5	11%	-	0%
Basic	22	44%	27	60%	9	21%	25	50%	26	58%	19	45%
Approaching Basic	15	30%	5	11%	23	55%	11	22%	9	20%	11	26%

17%

100%

42

10

50

20%

100%

5

45

11%

100%

12

42

29%

100%

11%

100%

45

District Achievement Level		English Language Arts						Mathematics					
Results	20	14	20	13	20	12	20	14	20	13	20	012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Grade 8													
Advanced	-	0%	-	0%	-	0%	-	0%	-	0%	=	0%	
Mastery	5	11%	5	10%	2	5%	1	2%	1	2%	2	5%	
Basic	21	47%	28	59%	15	38%	25	56%	32	67%	13	33%	
Approaching Basic	15	33%	11	23%	18	44%	11	24%	11	23%	15	37%	
Unsatisfactory	4	9%	4	8%	5	13%	8	18%	4	8%	10	25%	
Total	45	100%	48	100%	40	100%	45	100%	48	100%	40	100%	

District Achievement Level			Scie	nce			Social Studies					
Results	20	2014		2013		2012		2014		13	2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	=	0%	-	0%	-	0%	-	0%	1	2%	=	0%
Mastery	1	2%	5	10%	6	15%	-	0%	3	6%	-	0%
Basic	23	51%	23	49%	9	23%	24	53%	23	49%	13	33%
Approaching Basic	14	31%	17	35%	17	41%	13	29%	16	33%	14	34%
Unsatisfactory	7	16%	3	6%	8	21%	8	18%	5	10%	13	33%
Total	45	100%	48	100%	40	100%	45	100%	48	100%	40	100%

New Orleans Charter Schools Foundation

New Orleans, LA Schedule K-9

Integrated Louisiana Educational Assessment Program (iLEAP) For the Years Ended June 30, 2014, 2013, 2012

District Achievement Level	Eng	lish	Mathe	matics	Scie	nce	Social S	Studies	
Results	20	14	20	14	20	14	20	14	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Grade 3									
Advanced		0%	=:	0%	2 <u>-</u>	0%	=	0%	
Mastery	3	6%	2	4%	3	6%	1	2%	
Basic	22	43%	21	40%	25	49%	23	44%	
Approaching Basic	17	33%	15	29%	17	32%	22	42%	
Unsatisfactory	10	18%	14	27%	7	13%	6	12%	
Total	52	100%	52	100%	52	100%	52	100%	
District Achievement Level	Eng	lish	Mathe	matics	Scie	nce	Social S	Studies	
Results	20	14	20	14	20	14	20	14	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Grade 5									
Advanced	1	2%	===	0%	S 	0%	1	2%	
Mastery	2	5%	3	7%	1	2%	4	10%	
Basic	17	41%	12	29%	20	48%	22	52%	
Approaching Basic	13	31%	8	19%	11	26%	10	24%	
Unsatisfactory	9	21%	19	45%	10	24%	5	12%	
Total	42	100%	42	100%	42	100%	42	100%	
District Achievement Level	Eng	lish	Mathe	matics	Scie	nce	Social S	Studies	
Results	20	14	20	14	20	14	20	14	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Grade 6									
Advanced	120	0%	1	2%	1	2%	2	4%	
Mastery	6	14%	4	9%	6	14%	3	7%	
Basic	22	47%	18	40%	16	34%	22	48%	
Approaching Basic	12	26%	14	30%	12	26%	13	28%	
Unsatisfactory	6	13%	9	19%	11	24%	6	13%	
Total	46	100%	46	100%	46	100%	46	100%	
District Achievement Level	Eng	lish	Mathe	matics	Scie	nce	Social S	Studies	
Results	20	14	20	14	20	14	20	14	
Students	N1	Percent	Number	Percent	Number	Percent	Number	Percent	
	Number	reiteiit	IVAIIIDEI					ı	
Grade 7	Number	reiteiit	Number						
	Number 2	4%		2%	C.E.	0%		2%	
Grade 7			1			0% 8%			
Grade 7 Advanced	2	4% 8%	1 3	2%	4		3	6%	
Grade 7 Advanced Mastery	2	4% 8% 52%	1 3 35	2% 6%	4 20	8%	3 23	6% 43%	
Grade 7 Advanced Mastery Basic	2 4 28	4% 8% 52%	1 3 35 6	2% 6% 66%	4 20 22	8% 37%	3 23 19	6% 43%	

District Achievement Level	English		Mathe	matics	Scie	nce	Social	Studies
Results	2013		20	13	20	13	2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1=1	0%	1	2%	° 	0%	(#):	0%
Mastery	6	13%	6	13%	4	9%	7	15%
Basic	20	43%	24	51%	28	60%	19	40%
Approaching Basic	12	26%	7	15%	10	20%	14	30%
Unsatisfactory	9	18%	9	19%	5	11%	7	15%
Total	47	100%	47	100%	47	100%	47	100%

District Achievement Level	Eng	lish	Mathe	matics	Scie	nce	Social :	Social Studies	
Results	20	13	20	13	20	13	20	13	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Grade 5									
Advanced	=	0%	<u> </u>	0%	1	2%	1	2%	
Mastery	1	2%	5	12%	2	5%	3	7%	
Basic	19	44%	7	16%	20	47%	26	60%	
Approaching Basic	18	42%	25	58%	13	30%	9	21%	
Unsatisfactory	5	12%	6	14%	7	16%	4	10%	
Total	43	100%	43	100%	43	100%	43	100%	

District Achievement Level	Eng	lish	Mathe	matics	Scie	nce	Social	Studies
Results	20	13	20	13	20	13	20	13
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	15.	0%	1	2%	100	0%	2	4%
Mastery	5	11%	2	4%	4	9%	1	2%
Basic	22	46%	21	44%	17	35%	23	48%
Approaching Basic	16	33%	12	25%	17	35%	16	33%
Unsatisfactory	5	10%	12	25%	10	21%	6	13%
Total	48	100%	48	100%	48	100%	48	100%

District Achievement Level	Eng	lish	Mathe	matics	Scie	nce	Social S	Studies
Results	20	13	20	13	20	13	20	13
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	-	0%	=11	0%	.=	0%	-	0%
Mastery	3	7%	3	7%	4	9%	6	14%
Basic	24	56%	23	53%	21	49%	23	53%
Approaching Basic	13	30%	10	23%	13	30%	11	26%
Unsatisfactory	3	7%	7	17%	5	12%	3	7%
Total	43	100%	43	100%	43	100%	43	100%

District Achievement Level	English		Mathe	matics	Scie	nce	Social Studies	
Results	2012		20	12	20	12	2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3		40						
Advanced	1	2%	3	7%		0%	-	0%
Mastery	8	18%	5	11%	3	7%	6	13%
Basic	21	46%	17	38%	20	44%	18	40%
Approaching Basic	8	18%	9	20%	17	38%	14	31%
Unsatisfactory	7	16%	11	24%	5	11%	7	16%
Total	45	100%	45	100%	45	100%	45	100%

District Achievement Level	Eng	lish	Mathe	matics	Scie	nce	Social :	Studies
Results	20	12	20	12	20	12	20	12
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	1	2%	1	2%		0%	1	2%
Mastery	5	12%	2	5%	3	7%	3	7%
Basic	11	26%	10	23%	6	14%	17	40%
Approaching Basic	13	30%	6	14%	24	56%	13	30%
Unsatisfactory	13	30%	24	56%	10	23%	9	21%
Total	43	100%	43	100%	43	100%	43	100%

District Achievement Level	Eng	lish	Mathe	matics	Scie	nce	Social :	Studies
Results	20	12	20	12	20	12	20	12
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	=	0%	1	3%	1	3%	1	3%
Mastery	4	9%	4	10%	3	8%	Ę.	0%
Basic	19	48%	15	37%	21	52%	26	64%
Approaching Basic	8	20%	9	23%	12	29%	7	18%
Unsatisfactory	9	23%	11	27%	3	8%	6	15%
Total	40	100%	40	100%	40	100%	40	100%

District Achievement Level	Eng	lish	Mathe	matics	Scie	nce	Social S	Studies
Results	20	12	20	12	20	12	20	12
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	=	0%	1	2%	-	0%	=	0%
Mastery	7	15%	4	8%	6	13%	6	13%
Basic	19	39%	19	40%	22	46%	17	35%
Approaching Basic	14	29%	17	35%	13	26%	17	35%
Unsatisfactory	8	17%	7	15%	7	15%	8	17%
Total	48	100%	48	100%	48	100%	48	100%

OMB CIRCULAR A-133 COMPLIANCE AND GOVERNMENT AUDITING STANDARDS REPORTS



Carr, Riggs & Ingram, LLC 3501 North Causeway Boulevard Suite 810 Metairie, Louisiana 70002

(504) 837-9116 (504) 837-0123 (fax) www.cricpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors New Orleans Charter Schools Foundation New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation") d/b/a McDonogh City Park Academy, which comprise the Statement of Financial Position as of June 30, 2014, and the related Statement of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr. Riggs & Ingram. LLC

November 4, 2014



Carr, Riggs & Ingram, LLC 3501 North Causeway Boulevard Suite 810 Metairie, Louisiana 70002

(504) 837-9116 (504) 837-0123 (fax) www.cricpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors New Orleans Charter Schools Foundation New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the New Orleans Charter Schools Foundation's (a nonprofit organization) (the "Foundation") d/b/a McDonogh City Park Academy compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2014. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carr. Riggs & Ingram. LLC

November 4, 2014

New Orleans Charter Schools Foundation Schedule of Expenditures of Federal Awards

Federal Grantor/ Program Title/	Fed CFD	eral A
Pass-Through Grantor	<u>Number</u>	Expenditures
U.S. Department of Education:		
Passed-through Louisiana Department of Education:		
Title I Grants to Local Educational Agencies (LEAs)*	84.010	\$ 291,243
Title II Improving Teacher Quality State Grants	84.367	2,476
Special Education - Grants to States (IDEA, Part B)	84.027	74,467
Special Education – Grants to States (IDEA Preschool)	84.173	806
School Improvement Grants – Recovery Funds	84.388	323,075
TOTAL U.S. DEPARTMENT OF EDUCATION		\$ <u>692,067</u>

See accompanying Note to the Schedule of Expenditures of Federal Awards.

^{*}Identified as a major program.

New Orleans Charter Schools Foundation Note to the New Orleans Charter School Foundation Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

New Orleans Charter Schools Foundation Schedule of Findings and Questioned Costs

A. SUMMARY OF AUDITORS' RESULTS

- 1. The auditor's report expresses an unmodified opinion on the financial statements of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation").
- 2. No instances of noncompliance material to the financial statements of the Foundation were disclosed and identified during the audit.
- 3. No significant deficiencies relating to the audit of the major federal award programs is reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over compliance Required by OMB Circular A-133*.
- 4. The Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over compliance Required by OMB Circular A-133 expresses an unqualified opinion on all major federal programs.
- 5. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- 6. A management letter was not issued for the year ended June 30, 2014.
- 7. The programs tested as major programs for the year ended June 30, 2014 was:

<u>Program Title</u> <u>CFDA No.</u>

Title I Grants to Local Educational Agencies (LEAs) 84.010*

- 8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
- 9. The Foundation qualified as a low-risk auditee.

B. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to the financial statement for the year ended June 30, 2014.

New Orleans Charter Schools Foundation Summary Schedule of Prior Audit Findings and Questioned Costs

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS COMPLIANCE

Not applicable.

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

Not applicable.

SECTION III – MANAGEMENT LETTER

Not applicable.